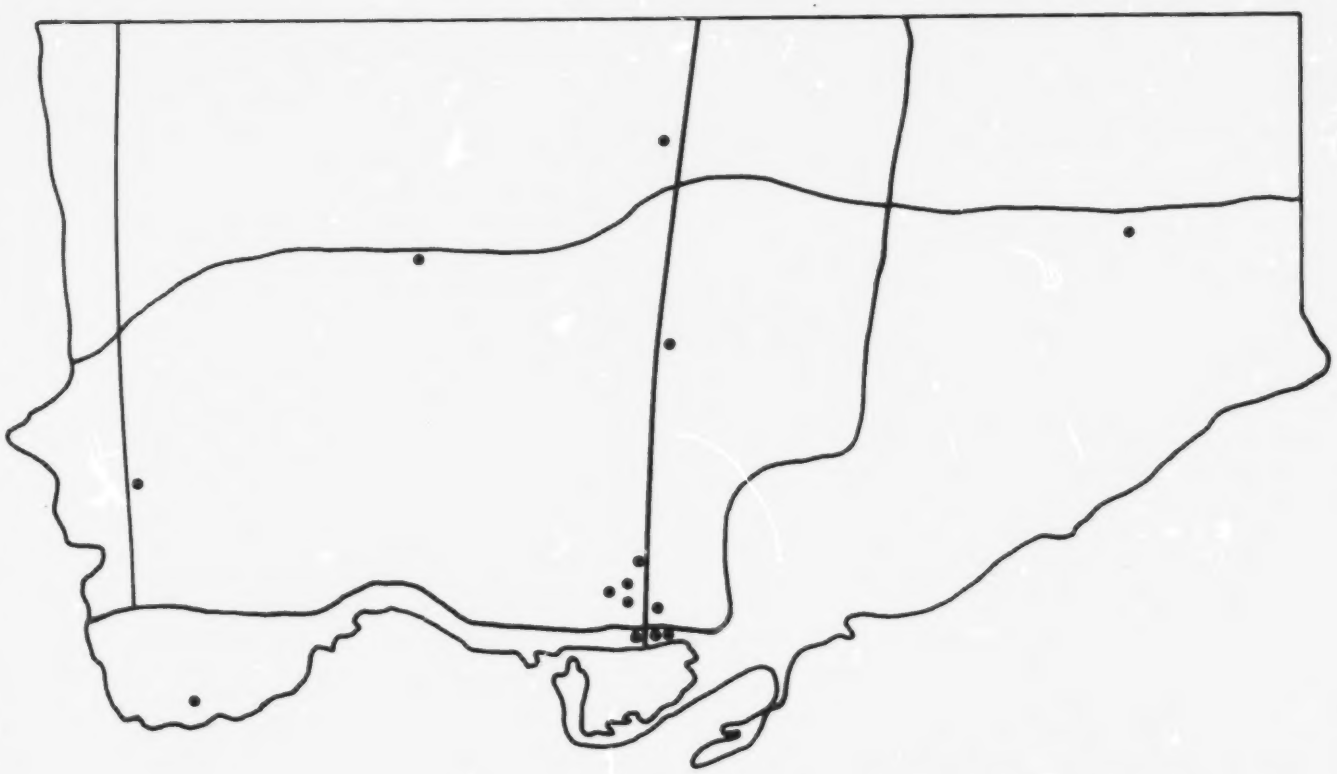
METRO TORONTO PROPERTY REVIEW



REPORT TWO
5000 YONGE ST.

Prepared for the Ministry of Government Services
July 1987.

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Sears & Russell Consultants **David Jackson Planning Consultants**

METROPOLITAN TORONTO PROPERTY REVIEW

REPORT TWO

5000 YONGE STREET

CONTENTS

	Page
A. Background - MTPR	1
B. Background - 5000 Yonge	3
C. Review of Earlier Work	4
D. Proposed Development Program	13
E. Development Rights and Mechanisms	19
F. Summary and Conclusions	21

METROPOLITAN TORONTO PROPERTY REVIEW
REPORT TWO
5000 YONGE STREET

A. BACKGROUND - MTPR

The Metropolitan Toronto Property Review deals with a portfolio of 15 provincial government properties, comprising around 150 acres. Ten of the properties are in the City of Toronto, and five are suburban -- two in North York, two in Etobicoke, and one in Scarborough. The purpose of the review is to establish a future development program for these properties, taking into account the relevant government needs and objectives.

The review was initiated in September 1986. Proposed development objectives for the total portfolio, a suggested overall development strategy, and development objectives for the individual properties were presented to the Ministry and the Cabinet in December. These were accepted by the government as a basis for discussion with the municipalities concerned and for the preparation of development proposals for the properties identified as suitable for "near-term" development.

The general objectives and principles that guide the proposed development program are the following:

a. The government properties will be used to satisfy three general objectives:
   - -- Provide necessary accommodation for government purposes
   - -- Achieve social and community benefits at appropriate locations
   - -- Maximize revenue from disposal of surplus properties not required for accommodation or to secure social and community benefits.

b. The government is following a policy of limited decentralization of government accommodation in Metropolitan Toronto. In addition to the main government complex at Queen's Park, sites will be made available for appropriate government facilities in downtown Toronto and at suitable suburban locations in North York, Scarborough and Etobicoke.

c. Government properties will be used to facilitate the supply of affordable housing. Specific sites will be allocated for social and rental housing to be developed through government housing programs, and appropriate sites will be provided for private ownership housing. Funds secured from the disposition of commercial office building sites and private housing sites will be used for the acquisition of social housing sites at other locations in Metropolitan Toronto.

Working within this framework, the review has focussed on the Toronto properties and on the 5000 Yonge Street property in North York. It has been determined by the government that detailed examinationof the other suburban properties will be carried out through separate studies, within the overall framework established by MTPR.

The MTPR Report comprises four individual reports:

Report One	-	MTPR Development Strategy and Development Program
Report Two	-	5000 Yonge Street
Report Three	-	Toronto Properties
Report Four	-	East Bayfront Properties

Because of the circumstances involved it has been determined that Report Two (5000 Yonge Street) should be issued first. The other reports will be issued through the summer.

B. BACKGROUND - 5000 YONGE

The 5000 Yonge Street site is a 10-acre property located directly south of the civic building complex, about midway between Sheppard and Finch. The property was originally acquired for a future courthouse, as part of a suburban court decentralization program involving sites in North York, Scarborough and Etobicoke. It was determined some time ago that the North York property would not be used for this purpose, and in August 1985 a 2-1/2 acre parcel in the northwestern corner of the site was conveyed at no cost to North York for a municipal Performing Arts Centre. An agreement was executed in March 1968 for a joint development proposal call on the municipal parcel and the remaining 7-1/2 acre provincial parcel.

Consultants were appointed jointly by North York and the Province in May 1986 to provide planning and economic advice on the project and prepare the proposal call. Toward the end of 1986 the provincial government reviewed the arangements and determined that the joint development program should be suspended. The Memorandum of Agreement was cancelled in February 1987, and a committee of provincial and municipal officials was directed to produce a new approach to developing the property.

MTPR has now been asked to review the matter. The assignment calls for MTPR to assess the earlier work carried out on the property in the light of the MTPR framework, and to present conclusions as to how to proceed with the development of the property. In addition to presenting alternative development concepts for the property, MTPR has been asked to canvass the kinds of development mechanisms that can be employed, and to review possible ways of allocating the respective density entitlements available to the two parties.

METRO TORONTO PROPERTY REVIEW
5000 YONGE STREET
ALTERNATIVE DEVELOPMENT SCENARIOS

(SQ. FT. X 1000)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			MTPR					
			Revised Official Plan		Existing Official Plan		Residual Site	
	Laventhol Horwath	Berridge Lewinberg	Existing Rd	Diverted Rd	Existing Rd	Diverted Rd	Existing Rd	Diverted
Commercial Office(sq.ft.)	600	572	585	585	550	550	585	585
Government Office(sq.ft.)	500	572	575	575	550	550	540	540
Retail (sq.ft.)	100	76	125	105	125	105	125	105
Hotel (sq.ft.)	200	227	-	-	-	-	-	-
Residential (sq.ft.)	400	598	780	780	715	735	325	325
Residential-No.of Units)	(307 units)	(460 units)	(600 units)	(600 units)	(550 units)	(565 units)	(250 units)	(250 units)
SUBTOTAL (sq.ft.)	1,800	2,044	2,065	2,045	1,940	1,940	1,575	1,555
Value ('000,000)	$57.0	$72.9	$76.1	$75.1	$72.0	$71.4	$66.0	$65.0
Site Size	10.6 acres	9.9 acres	9.9 acres	9.9 acres	9.9 acres	9.9 acres	7.4 acres	7.4 acres
Floor Space Index (FSI)	3.9 X	4.74 X	4.78 X	4.74 X	4.5 X	4.5 X	4.89 X	4.82 X
Perf. Arts Centre(sq.ft.)	85	85	85	85	85	85	-	-
TOTAL (sq.ft.)	1,885	2,129	2,150	2,130	2,025	2,025	1,575	1,555

C. REVIEW OF EARLIER WORK

a. Development Value

Economic consultants for the 5000 Yonge Street project (Laventhol and Horwath) have projected a total development value of $57 million for the property, based on the development mix they found to be most feasible for the site.

This is considered to represent a substantial undervaluation of the property. MTPR's economic consultants have prepared an analysis of different development scenarios which indicates that the actual development value may run as high as $70 to $75 million. (The detailed analysis is provided in the MTPR consultant's report, *"Assessment and Valuation of Development Scenarios, 5000 Yonge Street"*, which is appended to this report.)

To provide comparative valuations, a number of different development programs were reviewed. These included the development mix employed by Laventhol & Horwath, and the conceptual schemes developed by the planning consultants, Berridge Lewinberg (using for this purpose their alternative scheme with the greatest volume of development). MTPR has also prepared a recommended development scheme employing alternative premises concerning the Official Plan (existing OP or revised OP) and concerning North York Boulevard (existing location or as diverted through the property). Finally, a valuation was also prepared of the "residual" provincial site, i.e. the 7-1/2 acre parcel taken by itself, without the benefit of joint development with the municipal parcel.

These various development scenarios are summarized in the table which follows, which shows the development mix used in each scheme, the indicated development density, and the estimated development value. The total amount of development is projected at between 1.9 million and 2.1 million square feet for the property as a whole, and at around 1.6 million

square feet for the residual provincial parcel. The amount of actual "revenue" space (i.e. commercial and residential, but excluding government and municipal uses) is projected at 1.3 million to 1.5 million square feet for the total property, and at around 1 million square feet for the residual property.

The comparative value estimates are as follows:

Laventhol & Horwath	-	$57 million ($123/sq.ft.)
Berridge Lewinberg "A"	-	$72.9 million ($169/sq.ft.)
MTPR (existing O.P.)	-	$71.4-72.0 million ($166-167 sq.ft.)
MTPR (proposed O.P.)	-	$75.1-76.1 million ($174-176/sq.ft.)
MTPR (residual site with proposed O.P.)	-	$65-66 million ($202-205/sq.ft.)

As noted, the consultant's projection is considered to undervalue the potential development by perhaps 20% to 25% ($15 to $20 million). The main reason for the indicated shortfall appears to be the heightened demand for commercial and residential development at this location, which has considerably improved the revenue potential of the provincial property in the last year. It is also considered that the consultants employed conservative assumptions regarding such factors as likely office rental rates, office absorption trends, discount rates and commercial construction costs. Taken together with their low projection of likely development volume on the site, these factors combined to produce what is considered to be a substantial undervaluation of the potential property value.

The value projections may not be very significant in themselves. They would come into play, however, if it is necessary to determine, in advance, the likely increment in value which would accrue to the property through the use of the development potential of the 2-1/2 acre PAC site. As shown

above, the indicated difference in value between developing the total property as a whole, and developing the residual provincial property by itself may be as high as $10 million. This can be considered to represent one possible measure of the development potential of the PAC site, and hence of the municipal "share" of the total property value. As noted later, other kinds of calculations can be employed which would yield a different estimate for this component.

b. Proposed Design Guidelines

The "Draft Design Guidelines" prepared by the consultants have been reviewed with respect to their applicability and likely impact on development of the property. The guidelines comprise a set of design and development principles, some of them incorporated in the proposed Official Plan amendment, which were intended to set design requirements and specifications for the proposal call. (Among other things, the proposed amendment allows higher buildings along Yonge Street, calls for diversion of North York Boulevard through the property and restriction of Yonge Street access, and provides density transfer arrangements and a density cap.) They express useful objectives with respect to specific design features, for the most part, and would be expected to have a favourable effect on the ultimate development product. However, certain of the proposed guidelines are considered to be unduly restrictive, and if put into effect could serve to inhibit the satisfactory development of the property.

The particular principles and guidelines which are questioned include the following:

-- Requiring below-grade commercial development, and a below-grade pedestrian connection through the government property, between Madison Centre and North York Boulevard. This would entail an unsuitable dispersion of the likely retail market, which will function more effectively at grade. As well, to provide an effective pedestrian link would also require the establishment of an underground pedestrian

connection for the 600-foot distance from North York Boulevard to the Park Home subway station, which appears to be an unlikely prospect.

-- Requiring the two office buildings on Yonge Street to take the form of "twin" towers. This is an unnecessary restriction, given the prevailing skyline, and could inhibit the effective design of the two buildings for commercial and government purposes respectively.

-- Requiring a building height of 30 to 50 feet for the Yonge frontage "street wall". This would entail the allocation of poorly-marketable or unmarketable second-floor retail or service facilities, beyond what can be accommodated more efficiently in a single-storey podium structure.

-- Requiring minimum store frontages of 40 to 50 feet. This principle is evidently intended to discourage such uses as banks and travel agents, but would be unnecessarily restrictive in securing a useful retail and service mix.

(In addition to these particular matters, two transportation principles which derive from the proposed O.P. amendment are considered to be questionable. One is the assignment of full responsibility to the property's development "proponents" for the diversion and reconstruction of North York Boulevard through the site. The other calls for the elimination of all vehicular access to the property from Yonge Street. These requirements are considered to have a potentially adverse effect on the development of the property, and are dealt with in more detail below.)

While it is likely that a proposal call mechanism could benefit from having in place a concise set of design and development principles, the scope of these particular guidelines is considered to be too wide for the purpose, and if followed literally could be expected to seriously inhibit the effective development of the property. As an overall proposal call mechanism now seems unlikely, it is important to ensure that whatever design guidelines are

ultimately used in the development review process are not unnecessarily restrictive, and will not affect the ability to develop the property in a sensible manner; in a way which responds appropriately both to the immediate planning and environmental circumstances and to the exigencies of the development market.

c. Proposed Conceptual Schemes

The consultants have produced a series of conceptual schemes which illustrate different approaches to developing the property. It is understood that they are not intended to represent actual development "proposals", and are not assessed here as such. It can be noted, though, that each of the illustrative schemes departs in one respect or another from the proposed design guidelines. It is also noted that the development programs used do not appear to bear any direct relationship to the parallel development scenario employed by the economic consultant.

The four schemes (labelled A, B, C and E) are essentially variations on a common theme: a major "public space" in the centre of the block, surrounded on three sides by tall buildings and open to the north, to provide a visual connection to the municipal building complex and the Civic Square beyond. Three of the schemes would provide two office towers on Yonge Street, while Scheme E provides a single office tower and an apartment building on the Yonge frontage; all of these are in combination with a ground-level retail component. Different combinations of the Performing Arts Centre, apartments and a hotel are provided along Beecroft. Three of the schemes (A, B, E) would place an apartment building mid-block at the southern end of the site, adjoining the Cineplex building to the south.

The different schemes would produce a total volume of development ranging from 1.8 to 2.05 million square feet, excluding the PAC, with overall densities between FSI = 4.2 and FSI = 4.75. Three of the schemes

denote one of the buildings as "hotel/residential", and the projected space statistics would indicate a likely total of between 250 and 850 apartments.

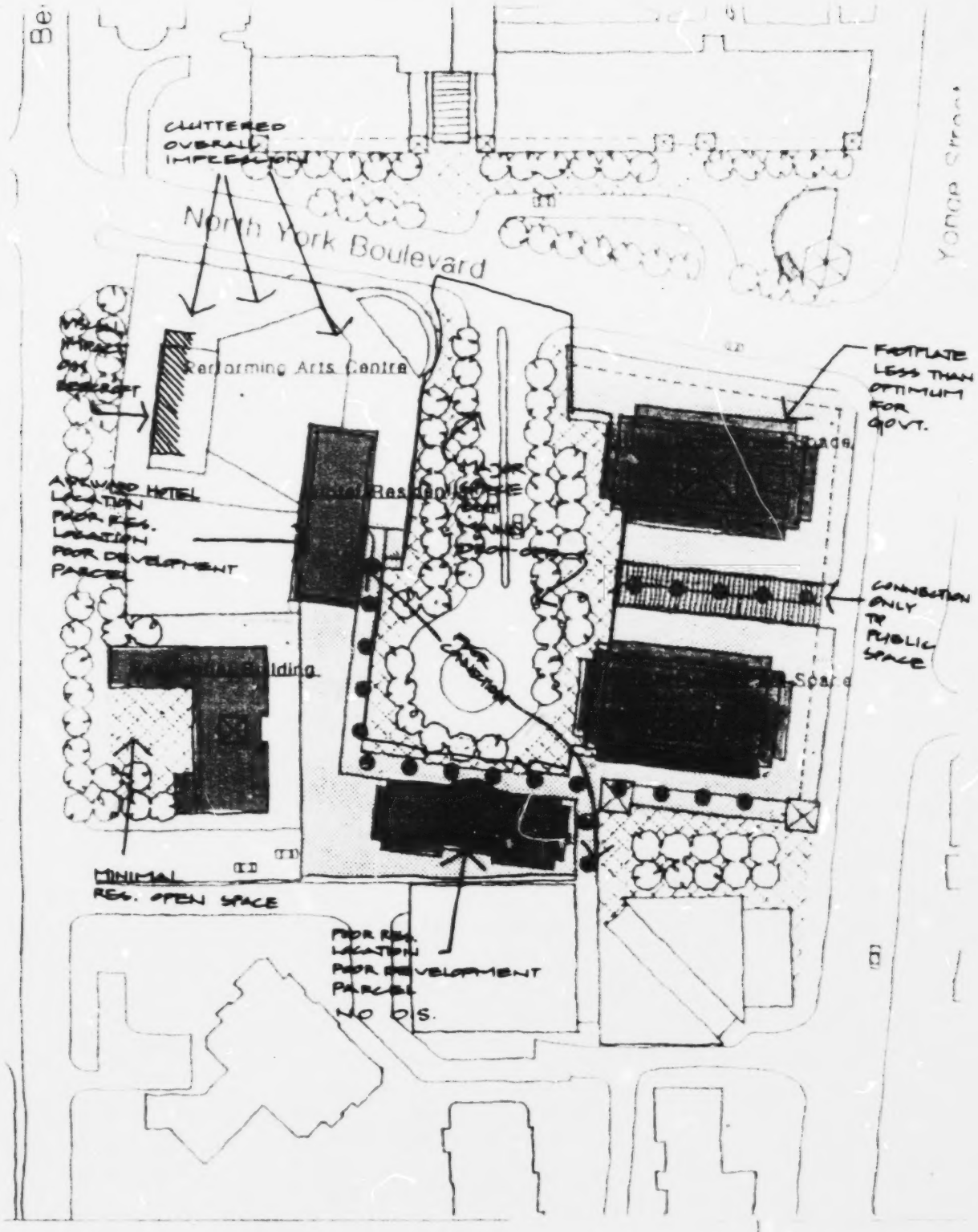
It is considered that the schematic concepts have some important shortcomings which could affect the government's ability to secure effective development of the property. These are illustrated in the attached analysis drawings (A/BL; B/BL; C/BL; and E/BL).

In general, the various schemes appear to call for complex juxtapositions of buildings and uses which could be difficult to carry out in an efficient manner, and which could thus serve to limit the property's development potential. It is considered that the proposals do not, on the whole, adequately exploit the site's potential or fulfill some critical design objectives. The main shortcomings appear to include the following:

-- Most of the schemes would provide inadequate open space for the apartment buildings. The proposed apartment site at the southern end of the property, adjoining the Cineplex, would be neither attractive nor particularly workable for this purpose.

-- The central open space feature would amount to little more than a landscaped roadway and traffic turnaround. It would be useful for passenger drop-off, but even if extensively landscaped it would not appear to provide the significant public open space which is at the core of the proposed design concepts. The net effect would be to minimize the amount of land available for the actual buildings, creating a distinct sense of crowding.

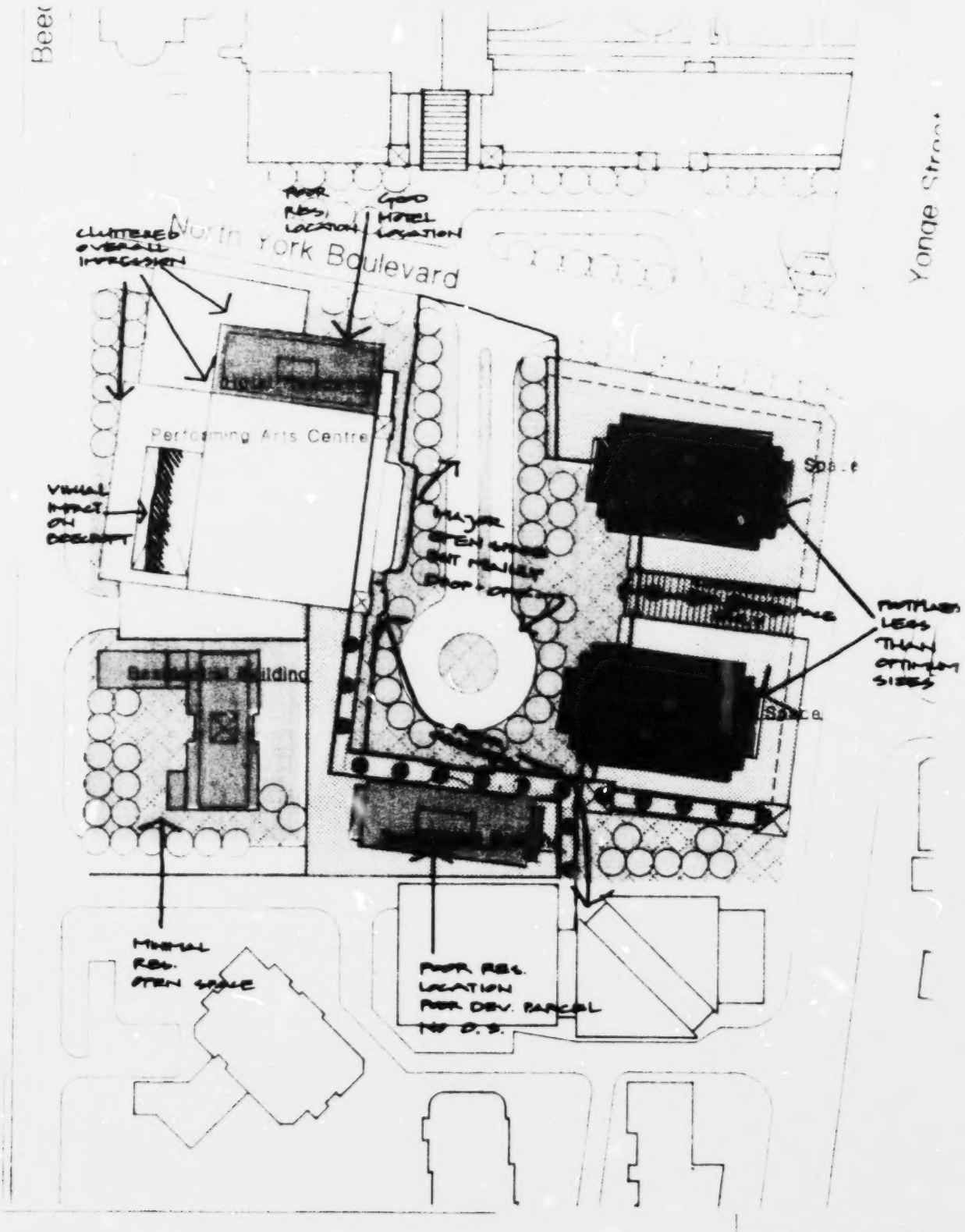
-- The proposed pedestrian connections would probably be ineffective. The connection from Madison Centre to the PAC would be tenuous at best, and the proposed link between Yonge Street and the central open space would serve little purpose inasmuch as it would not lead directly to any important public destination.


CLUTTERED OVERALL IMPRESSION
North York Boulevard
Performing Arts Centre
FOOTPLATE LESS THAN OPTIMUM FOR GOVT.
AWKWARD HOTEL LOCATION POOR REG. LOCATION POOR DEVELOPMENT PARCEL
CONNECTION ONLY TO PUBLIC SPACE
MINIMAL REG. OPEN SPACE
POOR REG. LOCATION POOR DEVELOPMENT PARCEL NO B/S.
0 5 10 20 30 40 60 80 meters

5000 YONGE STREET

Scheme

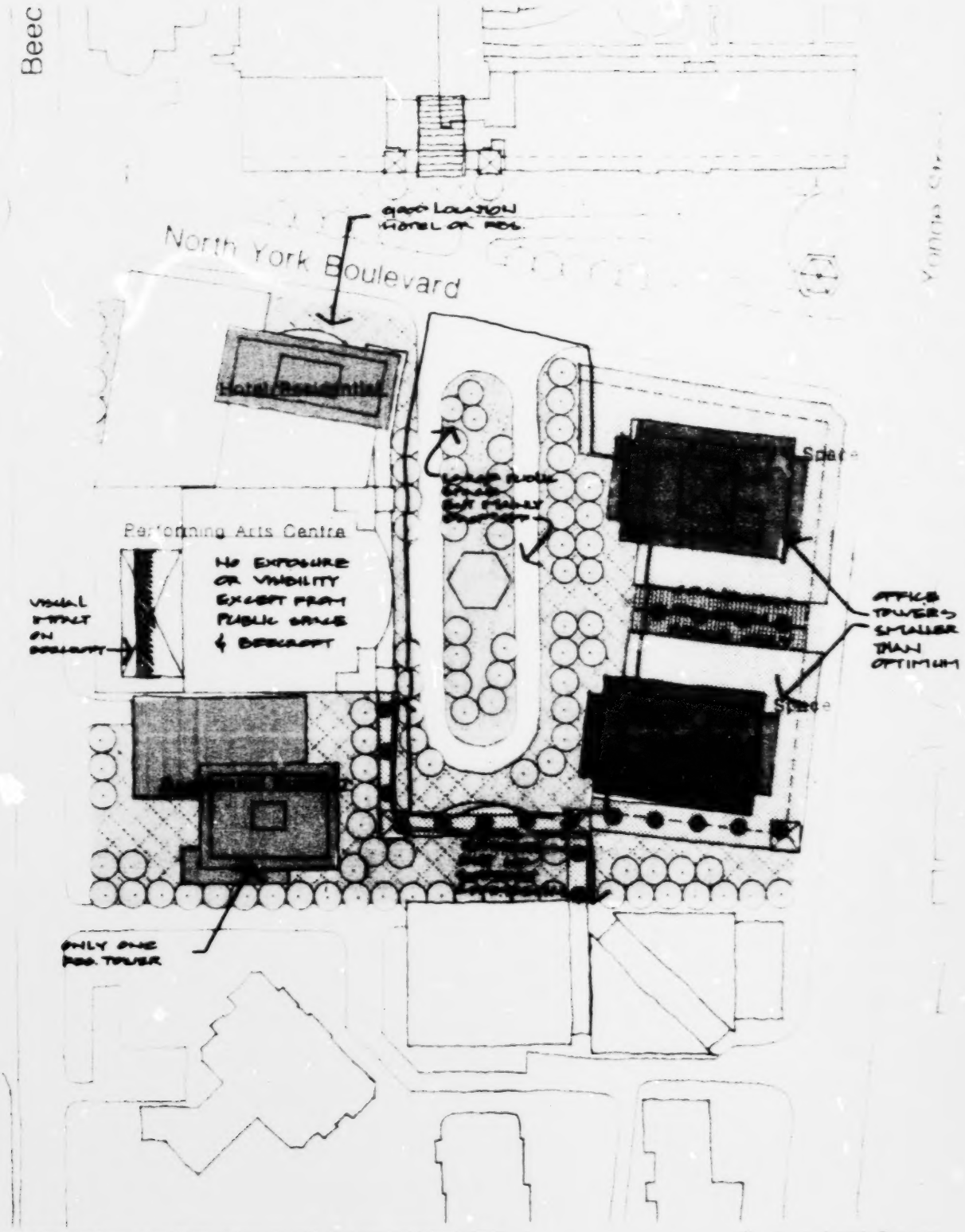
A


North York Boulevard
Yonge Street
Performing Arts Centre
CLUTTERED OVERALL IMPRESSION
VISUAL IMPACT ON DESCENT
MAJOR OPEN SPACE BUT MEDIUM SHOPPING
Space
Space
MINIMAL REC. OPEN SPACE
POSS. REC. LOCATION FOR DEV. PARCEL NO D.S.
0 5 10 20 30 40 60 80 meters

5000 YONGE STREET

Scheme

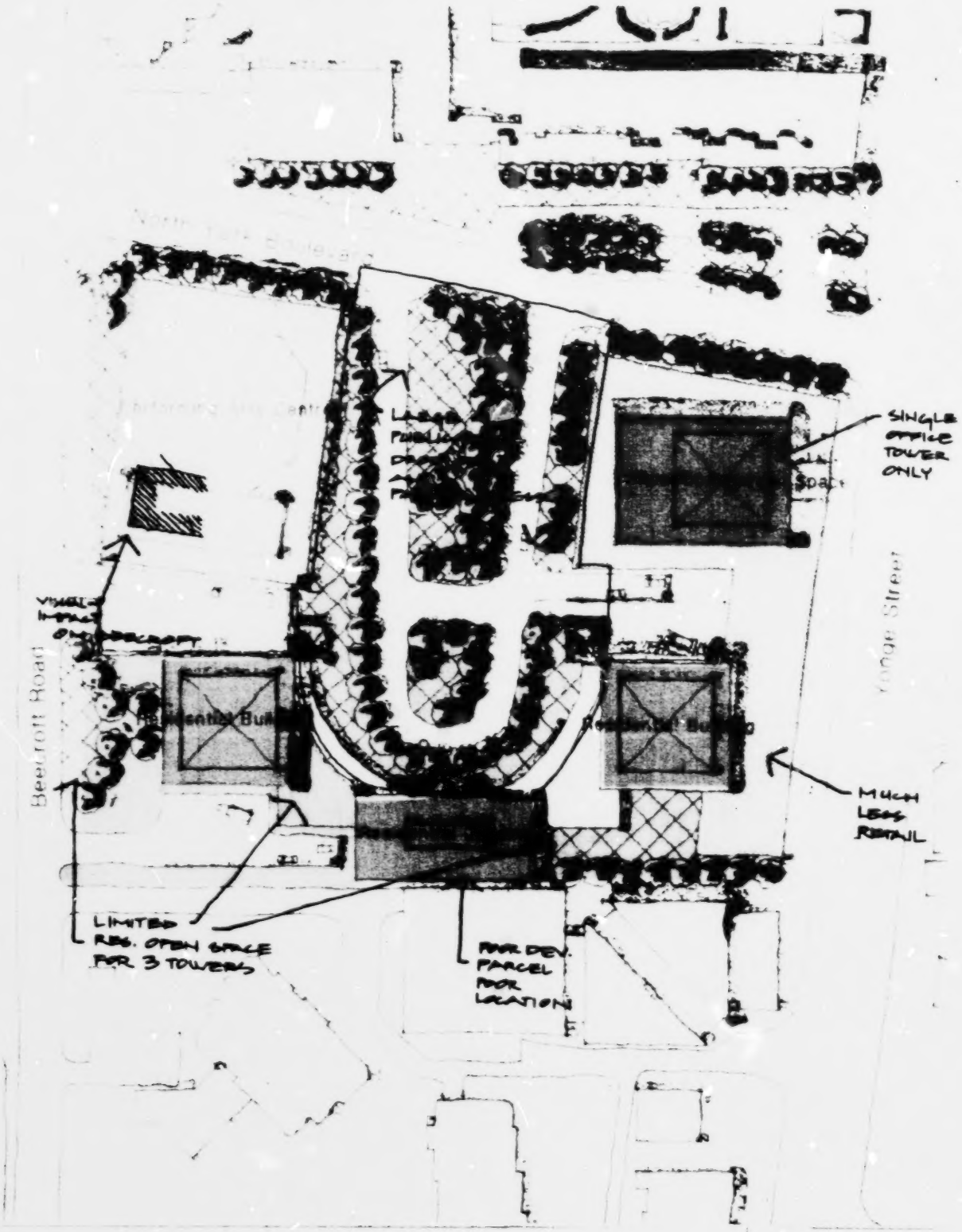
B B.L.


Beec
North York Boulevard
Performing Arts Centre
NO EXPOSURE OR VISIBILITY EXCEPT FROM PUBLIC SPACE & BEECROFT
VISUAL EFFECT ON BEECROFT
OFFICE TOWERS SMALLER THAN OPTIMUM
ONLY ONE RES. TOWER
0 5 10 20 30 40 60 80 meters

5000 YONGE STREET

Scheme

C B.L.



5000 YONGE STREET

0 5 10 20 30 40 60 80 meters

Scheme

E B.L.

-- The PAC would have only limited visibility from Yonge Street and would lack the Yonge Street "presence" called for. As located along Beecroft, it could produce an unattractive visual aspect (blank rear wall and fly tower) for what is "envisioned as a residential street".

It appears that some of the problems noted stem directly from the earlier decision to locate the Performing Arts Centre at the northwestern corner of the property, along Beecroft. It would be a fair conclusion that when the initial decision was taken to convey this particular parcel to the municipality, the potential impact that this might have on the future development of the property as a whole was not suitably appreciated. The net result, as reflected in these particular schemes, is a sense of clutter and crowding, with complicated building arrangements that do not produce optimal development parcels and which could be expected to present significant development difficulties, while offering little development or design benefits.

The basic design difficulty reflected in these schemes appears to stem from the combination of the PAC location and the proposed provision of an extensive but not very effective "public space" in the centre of the block. It is considered that the site geography lends itself to a simpler and more rational organization of buildings and uses, as is discussed later.

d. Transportation Requirements

The documents associated with the earlier work include two questionable transportation requirements:

-- Elimination of vehicular access to the property from Yonge Street. Principal access would be provided from North York Boulevard, with secondary access available from Beecroft.

-- Diversion of North York Boulevard through the property to join Elmwood at a new signalized intersection at Yonge Street. The estimated costs for producing the new roadway are $350,000, plus $150,000 for signalization at Yonge and at Beecroft, $100,000 for storm sewer relocation, and consolidation of the civic building truck docks at an estimated cost of $400,000 to $850,000, or $1 to $1-1/2 million in total. It is indicated that these various costs are to be charged against the development of the 5000 Yonge Street property.

These requirements are included in the proposed Official Plan amendment and have accordingly been incorporated in the consultant's work. It is considered that they would present serious problems with respect to effective development of the property.

The proposed elimination of access from Yonge Street could have a potential adverse effect on efficient operation of the future parking garage. It is judged that effective development of the property to its appropriate potential would benefit from the provision of secondary access to Yonge Street. Accepting that primary access will be from North York Boulevard, the desirability of secondary access from Yonge should not be discounted. The question at issue may concern the present legal rights to access. Given the potential benefit of retaining these rights, it has been concluded that the prevailing municipal view is not necessarily in the government's interest, and that the matter should be pursued in the course of establishing detailed development plans.

The proposed road diversion presents a serious issue. The proposed roadway appears to be required for general municipal purposes, to provide an efficient connecting link between the two north-south collector roads which parallel Yonge Street (Beecroft and Doris). In the proposed location, the roadway is not needed for effective development of 5000 Yonge Street. In fact, it would serve to reduce the Yonge Street frontage and would thus reduce the amount of potential retail use; the achievable retail development

would be reduced by some 20,000 square feet, and the projected site value by nearly $1 million.

In conventional circumstances, jog eliminations can be produced by splitting the new road alignment equally in both directions from the intersecting roadway, in order to provide equitable treatment to affected land owners. In this particular case, a normal expectation would have been for an equal section of the new roadway to be produced east of Yonge Street, which is also slated for redevelopment, rather than having the new roadway come entirely out of the western block (5000 Yonge). This would of course have a corresponding effect on the availability of retail frontage on each side of Yonge.

Despite the municipal conclusion that the new roadway should be produced entirely on the publicly owned property west of Yonge, it is clear that this does not really serve the government's development interests in the property. Furthermore, if it is accepted that the new roadway will serve primarily a general or area-wide municipal purpose, it is not reasonable to conclude that the entire costs of producing the road should be charged to the development of 5000 Yonge. Whatever the appropriate formula might be, account should be taken of the fact that the net effect of the proposal is to turn a piece of otherwise productive provincial land into a piece of ornamental landscaping for the municipal land to the north.

It is concluded that the proposed arrangements for North York Boulevard are not in the provincial interest, and that alternative arrangements which are more in line with conventional practice should be pursued. It is possible that the proposed arrangements were arrived at with at least the tacit assent of the provincial officials involved in the earlier stages of the joint project, but it does not follow that these arrangements are necessarily acceptable under a different development framework. While such an arrangement

might be accepted as a matter of conscious political policy, from a technical standpoint there is little reason to support the suggested arrangements and good reason to reject them.

D. PROPOSED DEVELOPMENT PROGRAM

a. Development Principles

Apart from the questionable points noted, the earlier studies provide a suitable basis for developing the property in a manner which takes account of the site's immediate context and the government's general objectives. From the earlier work and the present review, the applicable principles are considered to include the following:

i) The proposed Official Plan provisions regarding building heights along Yonge Street and density bonusing, will enhance the feasibility of developing the property in an appropriate way, and should be supported. However, as noted, the proposed diversion of North York Boulevard and the prohibition of access from Yonge Street would make it difficult to use the property to its best advantage, and should be reconsidered.

ii) The property should be developed in a way which reflects its location and physical surroundings. In specific terms, this means principally the following:

-- Development on the property should be used to consolidate the two prevailing development corridors in the area -- high density office and retail uses along Yonge Street, and high density residential uses along Beecroft.

-- The development should relate to the major public facilities to the north, which form a significant view from the property and can provide an important pedestrian destination through the property. It should provide an uncomplicated arrangement of buildings and spaces which can serve as a suitable transition between the civic building complex and the cluttered and chaotic building massing to the south.

-- Because of the depth of the property, it is possible to utilize part of the central portion to provide a suitable degree of separation between the residential and non-residential sectors, and to serve as the principal point of access into the property.

iii) To fulfill the government's general objectives, the property should be developed to produce the maximum amount of commercial office and retail space, consistent with the market and the allowable development density; a suitable amount of government accommodation within the framework of the government's decentralization policy; and an appropriate mix of housing at densities consistent with this central suburban location. The site should be designed to allow maximum flexibility for the development of the private sector components (commercial offices, retail space and private apartments), with parcels that are readily identifiable and capable of being marketed at varying time periods.

iv) In specific terms, the development program should provide for the following distribution of residential, commercial, government and public uses:

-- The residential corridor along Beecroft should be developed at a density in the range of FSI=4+, or 135-140 units per acre. This will provide a satisfactory residential environment, with adequate open space, for the residents concerned, would take advantage of the passive open space located immediately to the west, and would provide a

satisfactory relationship with the low density housing on the west side of Beecroft, south of the site. It would be appropriate, and in keeping with the overall MTPR program, to use one of the apartment buildings for senior citizens housing. It should be noted that Provincial housing officials do not consider the site to be suitable for assisted family housing.

-- The office corridor along Yonge Street should provide two office buildings, for commercial and government occupancy, at the permitted overall density of FSI=4.5. These should be combined with a ground floor podium of retail uses extending along the length of Yonge Street and providing retail space in accordance with the bonus provisions of the proposed Official Plan revision (0.5 times the relevant site area).

-- The PAC is now slated to be built on the municipal site at the northwestern corner of the property, along Beecroft. As is evident from the analysis outlined earlier, this is not the most suitable location for this facility, which would benefit considerably from a visual presence along Yonge Street. In the designated location, the operation of the theatre complex can be expected to interfere with the amenities of the Beecroft residential corridor and would impair the effective development of the residential parcels. Ideally, the PAC should be established along Yonge; failing this, it can be expected to function suitably at a location in the central section, adjacent to the Cineplex building directly south of the property, with a pedestrian connection to Yonge Street through an atrium located between the two office towers.

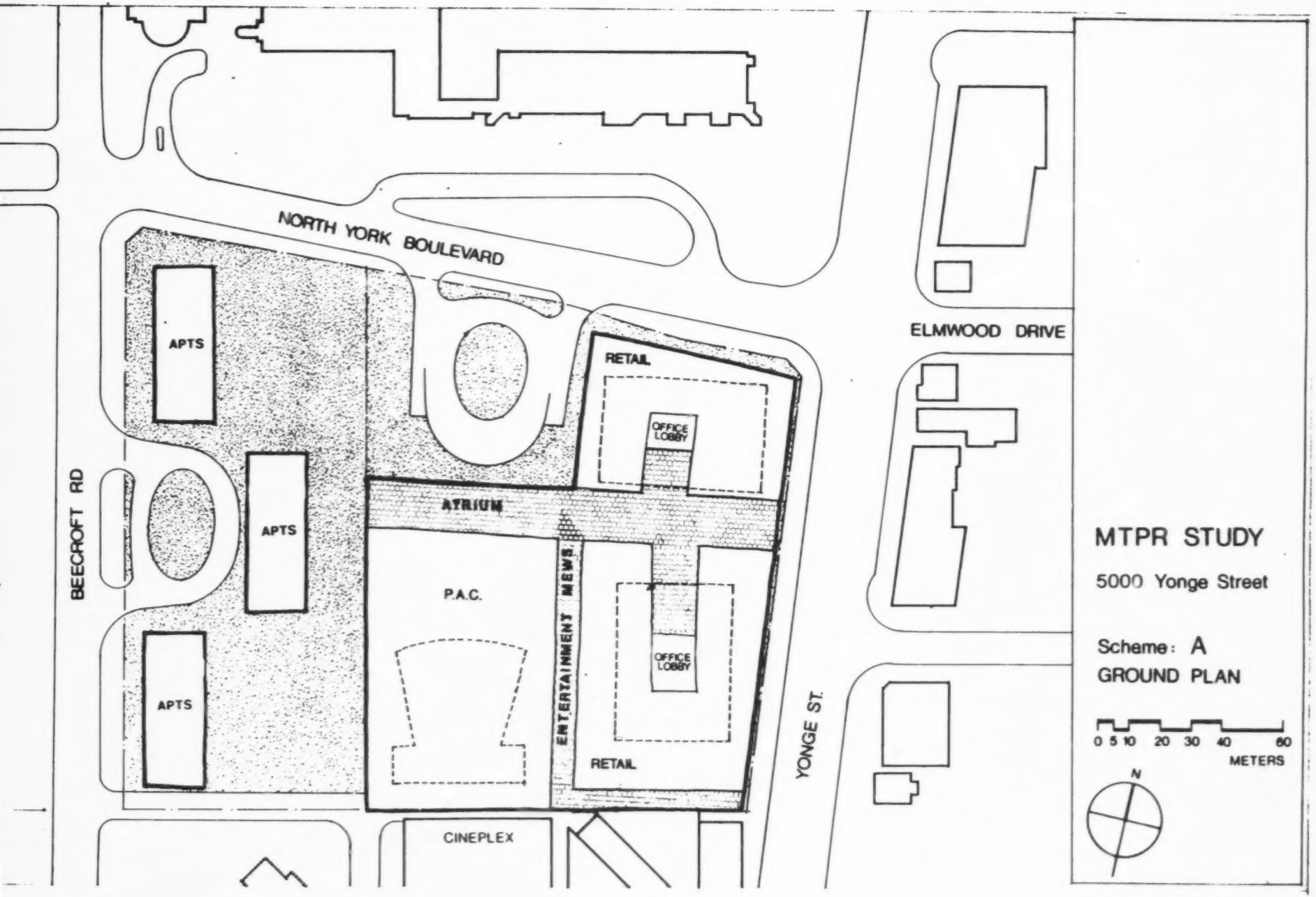
b. Alternative Development Concepts

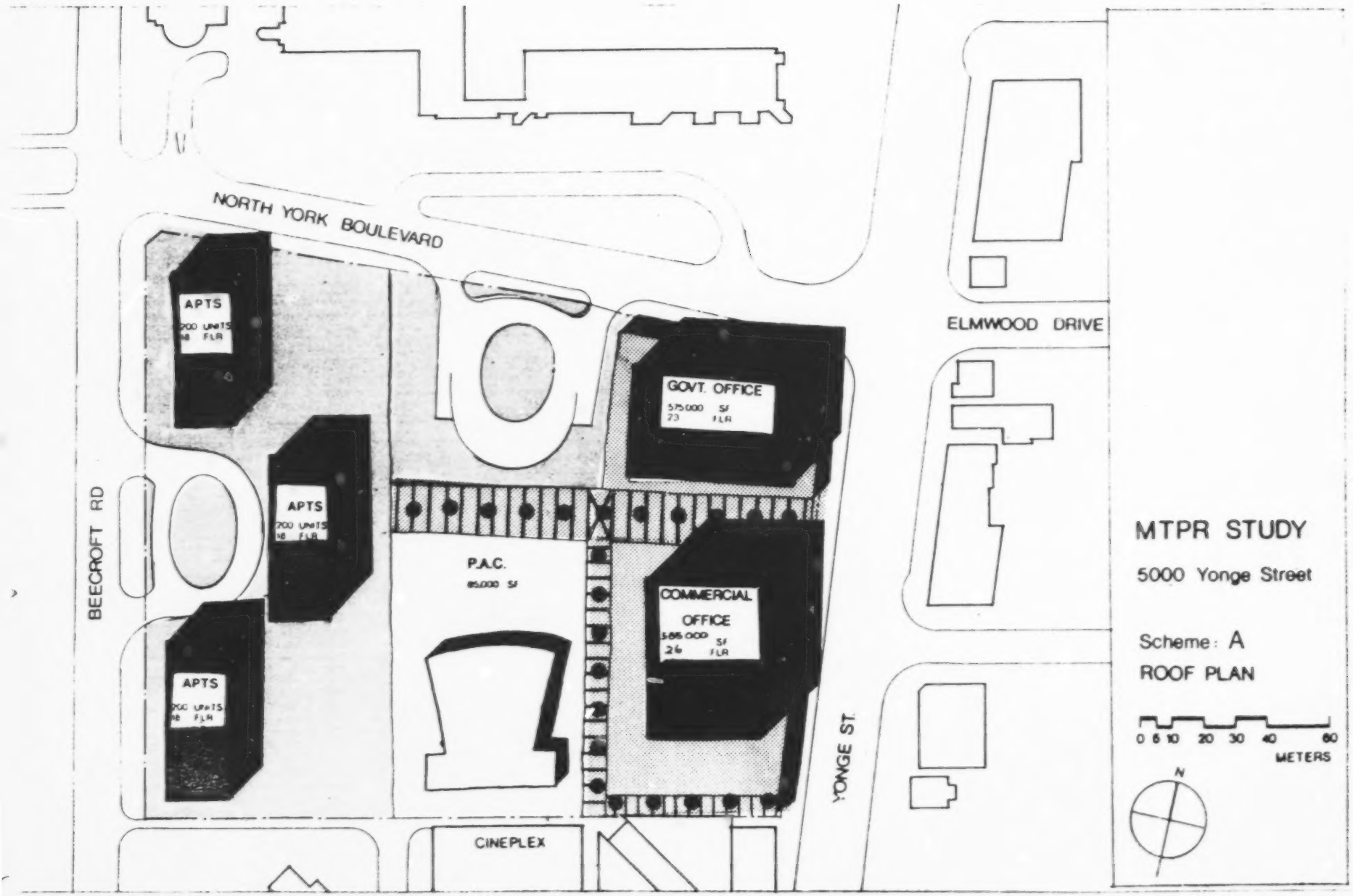
Alternative ways of developing the property have been considered, and are illustrated in the attached drawings. The three alternatives have been prepared on the basis of the proposed diversion of North York Boulevard, as called for in the Official Plan amendment. The impact of the proposed diversion on the development of the property is discussed later.

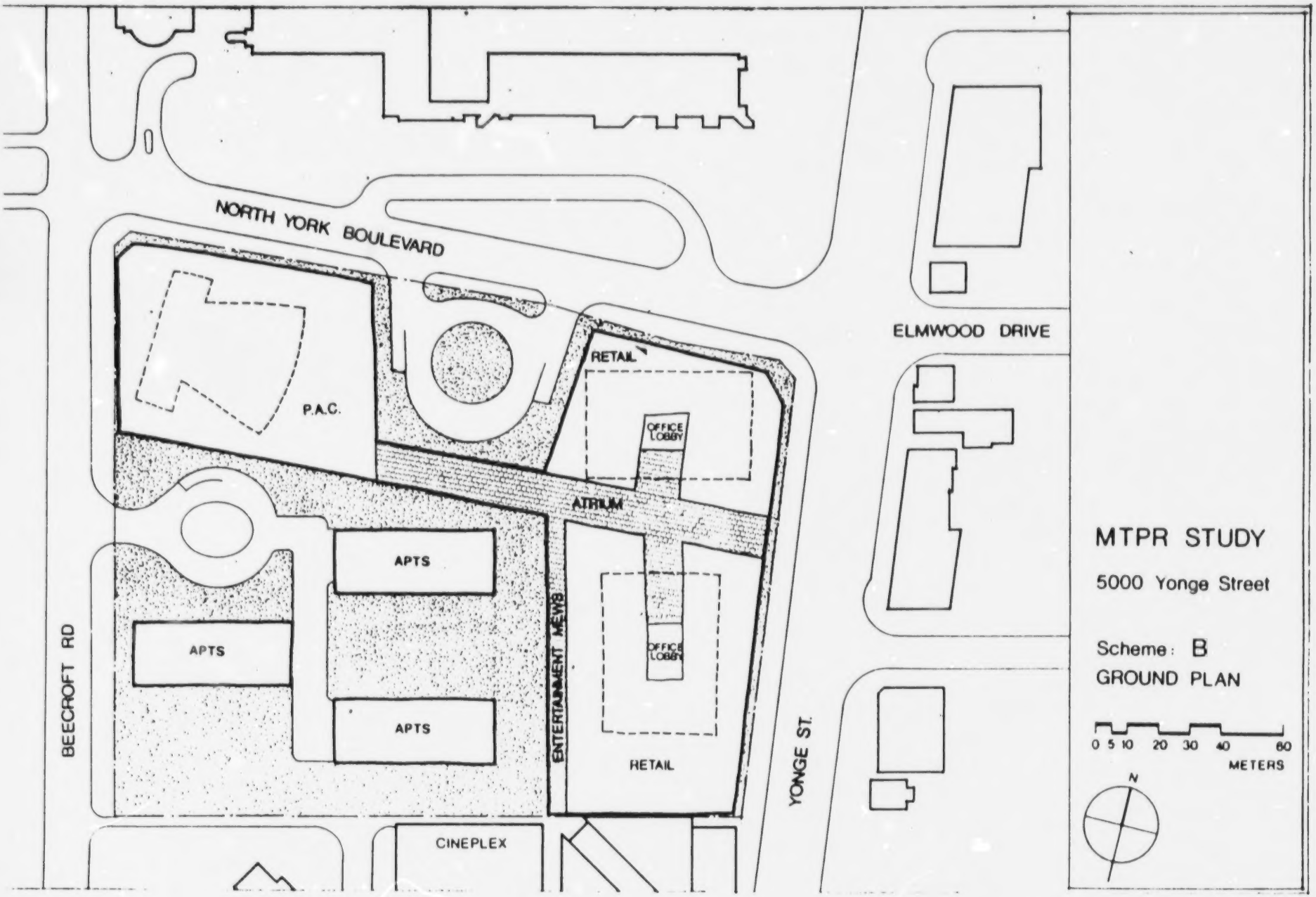
Drawing A presents what is considered the desirable development concept for the property, on the assumption that it would be feasible to relocate the PAC from the Beecroft site to the centre of the property. Placing the PAC on the Yonge frontage, which would be desirable, is not feasible if North York Boulevard is diverted through the property, as the reduced frontage could not accommodate both the threatre and the two proposed office buildings. (It should be noted that following the consideration of the interim findings from this study it was decided to examine the possibility of relocating the PAC to a Yonge Street site on the basis of the present North York Boulevard alignment.)

Drawing B illustrates how the general development program outlined here could be accommodated if the PAC remains in the present location. A third scheme, Drawing C, shows what could take place in the event that the PAC were developed on the municipal property independently of the rest of the block. In this case, the residual provincial property, comprising 7-1/2 acres, could be expected to accommodate nearly as much office and retail development as in the other schemes but the amount of residential development would be reduced drastically.

Scheme A and Scheme B utilize similar development programs, the only difference being the actual location of the PAC. Scheme C, covering only the residual provincial site, would result in a substantially altered development program. (The detailed allocations are shown in the Development Table shown earlier; the program for Schemes A and B is given in Column 4 in this table, and for Scheme C in Column 8.)


NORTH YORK BOULEVARD
BEECROFT RD
APTS
APTS
APTS
RETAIL
OFFICE LOBBY
ATRIUM
P.A.C.
ENTERTAINMENT MEWS
OFFICE LOBBY
RETAIL
CINEPLEX
YONGE ST.
ELMWOOD DRIVE
MTPR STUDY
5000 Yonge Street
Scheme: A
GROUND PLAN
0 5 10 20 30 40 60
METERS
N


NORTH YORK BOULEVARD
BEECROFT RD
APTS
APTS
APTS
P.A.C.
GOVT. OFFICE
COMMERCIAL
OFFICE
CINEPLEX
YONGE ST.
ELMWOOD DRIVE
MTPR STUDY
5000 Yonge Street
Scheme: A
ROOF PLAN
0 5 10 20 30 40 60
METERS
N


NORTH YORK BOULEVARD
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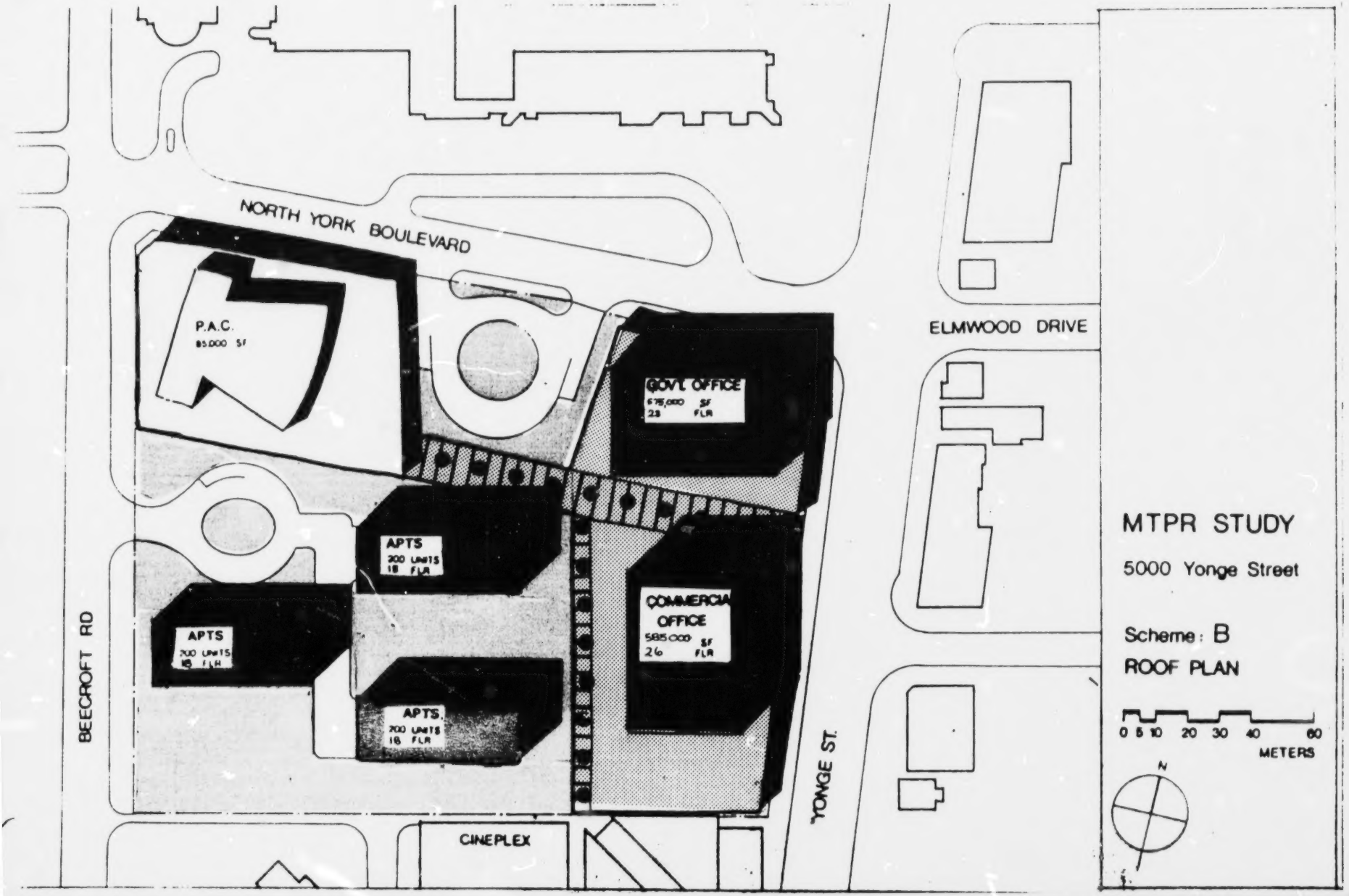
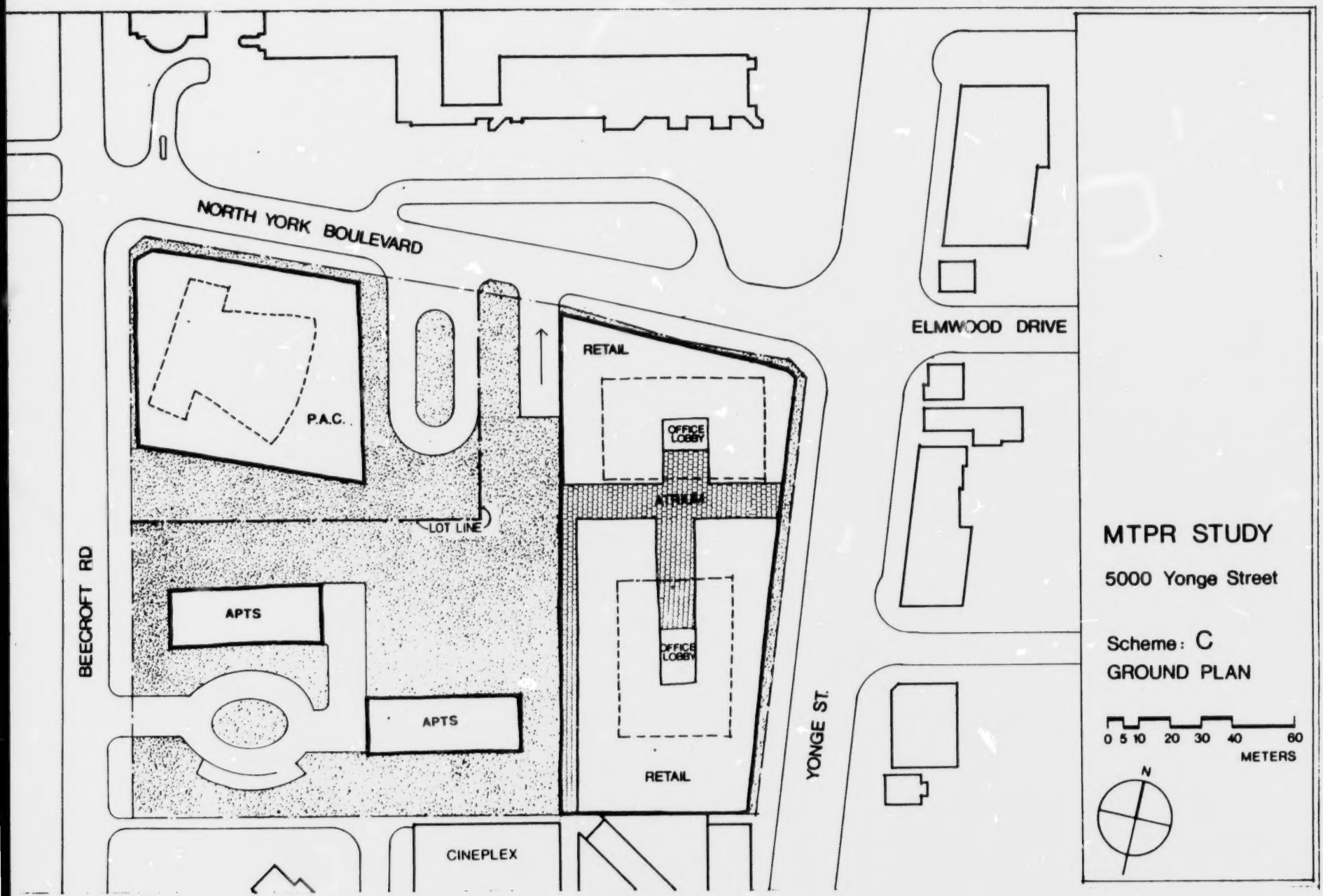
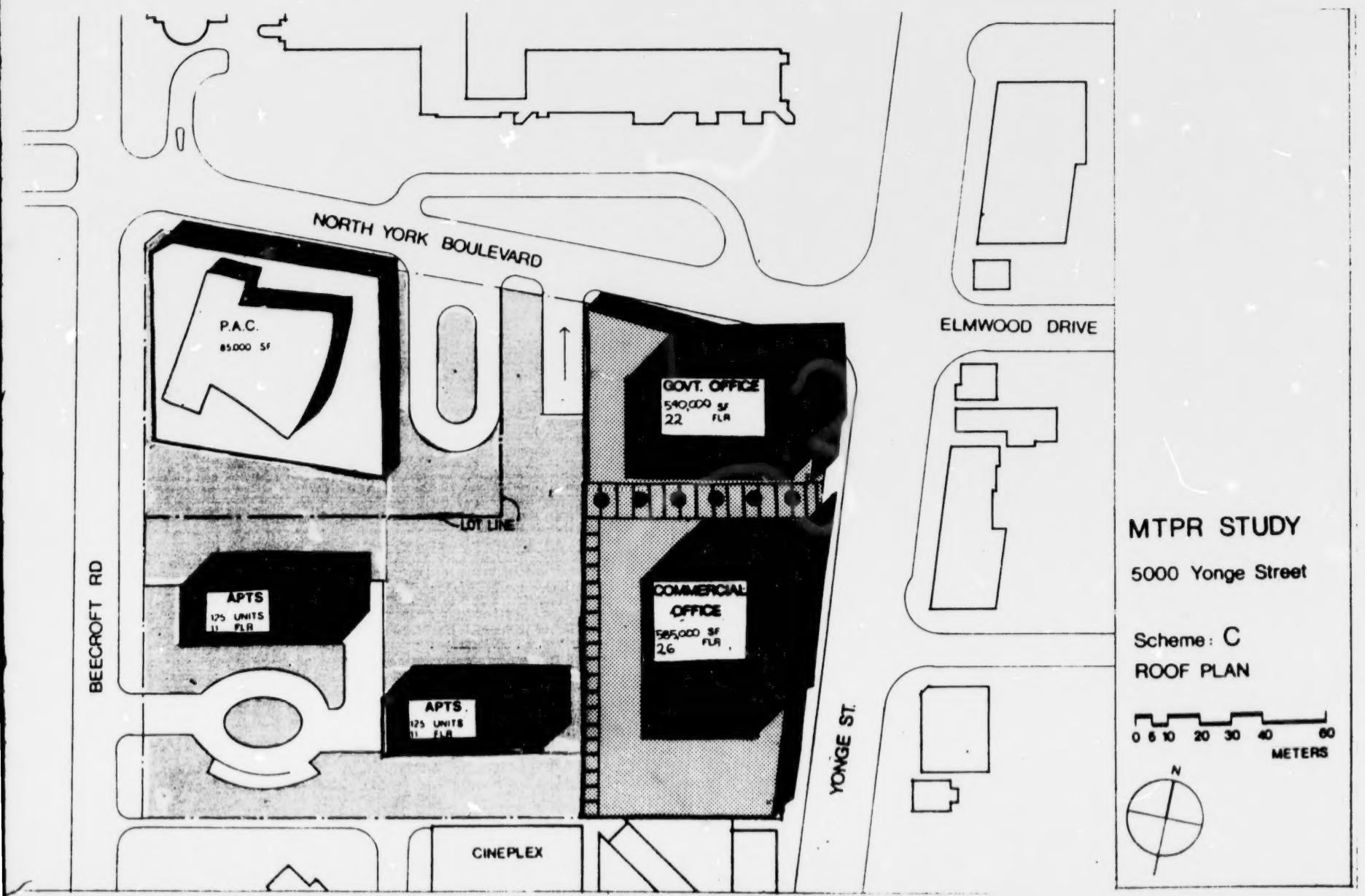
OFFICE LOBBY
RETAIL
CINEPLEX
BEECROFT RD
YONGE ST.
ELMWOOD DRIVE
MTPR STUDY
5000 Yonge Street
Scheme: B
GROUND PLAN
0 5 10 20 30 40 60
METERS
N


NORTH YORK BOULEVARD
P.A.C.
85,000 SF
GOVT OFFICE
675,000 SF
23 FLR
APTS
200 UNITS
18 FLR
APTS
200 UNITS
18 FLR
APTS
200 UNITS
18 FLR
COMMERCIAL
OFFICE
585,000 SF
24 FLR
CINEPLEX
BEECROFT RD
YONGE ST.
ELMWOOD DRIVE
MTPR STUDY
5000 Yonge Street
Scheme: B
ROOF PLAN
0 5 10 20 30 40 60
METERS
N


NORTH YORK BOULEVARD
BEECROFT RD
P.A.C.
LOT LINE
APTS
APTS
RETAIL
OFFICE LOBBY
ATRIUM
OFFICE LOBBY
RETAIL
CINEPLEX
YONGE ST.
ELMWOOD DRIVE
MTPR STUDY
5000 Yonge Street
Scheme: C
GROUND PLAN
0 5 10 20 30 40 60
METERS
N


NORTH YORK BOULEVARD
P.A.C.
85,000 SF
GOVT. OFFICE
540,000 SF
22 FLR
LOT LINE
APTS
125 UNITS
11 FLR
APTS.
125 UNITS
11 FLR
COMMERCIAL OFFICE
585,000 SF
26 FLR
BEECROFT RD
YONGE ST.
CINEPLEX
ELMWOOD DRIVE
MTPR STUDY
5000 Yonge Street
Scheme: C
ROOF PLAN
0 5 10 20 30 40 60
METERS
N

In summary, the alternative schemes would provide the following:

	Schemes A & B	Scheme C
Commercial Office	585,000 sq.ft.	585,000 sq.ft.
Government office	575,000 sq.ft.	540,000 sq.ft.
Retail	105,000 sq.ft.	105,000 sq.ft.
Residential	600 units	250 units
FSI (exc. PAC)	4.74	4.82
PAC	85,000 sq.ft.	85,000 sq.ft.
Value (exc. PAC)	$75.1 million	$65.0 million

c. Development Implications

As noted, the MTPR alternative concepts have been prepared on the basis of the revised Official Plan, including the provision for diverting North York Boulevard through the property, in order to provide a convenient basis for comparing the schemes with the earlier consultants' drawings.

While drawings have not been prepared on the basis of the other possible assumptions (i.e. existing Official Plan and existing road alignment), what could actually be expected to take place on the basis of these other assumptions is also tabulated in the Development Table.

The following implications can be noted:

i) Developing under the proposed Official Plan density and height provisions, as against the present plan, will allow for an additional 60,000 square feet of office space (35,000 commercial and 25,000 government). It will also allow for an additional 45 to 65 apartments.

ii) Developing with the present road alignment, as against the proposed diversion, will allow for an additional 20,000 square feet of retail space. With the revised Official Plan the number of apartments would be the same with either road alignment, but under the existing Official

Plan the increase in retail space (with the existing alignment) would have to be balanced by a reduction of 20 residential units, because of the operation of the density cap.

iii) Developing the residual provincial property independently of the North York property would provide the same amount of commercial office and retail space as would occur with consolidated development of the entire property. However, the amount of government office space would be reduced by 35,000 square feet, and the number of apartments would be reduced drastically, from 600 units to 250 units.

iv) The estimated market value of the property is around $4 million less under the present Official Plan than under the revised plan. The proposed road diversion serves to reduce the property value by around $1 million (under the revised O.P.). The value of the residual 7-1/2 acre site is around $10 million less than the value of the consolidated 10-acre site.

From the above it is clear that it would be advantageous to proceed under the provisions of the revised Official Plan, which allows for somewhat higher office buldings, and density bonusing for retail space. It would also be advantageous to retain the present alignment of North York Boulevard, which because of the additional Yonge Street frontage effectively allows for more retail space (irrespective of the ability to transfer density from the severed section of the property).

It is also clear that dealing with the residual site on its own would not affect the total value drastically (the 25% reduction in total area would be expected to generate a reduction of only $10 million, or some 15%, in actual value). It would however have a profound impact on the ability to realize the true housing potential of the property.

E. DEVELOPMENT RIGHTS AND MECHANISMS

The MTPR assignment calls for consideration of the basis on which the respective development rights of the two parties could be allocated, and for a review of possible development mechanisms for the provincial property. These matters are discussed in detail in the Appendix.

a. Allocation of Development Rights

Each of the two parties, the provincial government and the municipality, is presumed to have an "interest" in the development rights that are available to the property as a whole, and the assignment calls for a review of possible ways of allocating their respective density entitlements.

The actual value of the respective development rights can be estimated in various ways. One method would be to compare the total development value of the property if it were to be developed on a consolidated basis, as against the value of the residual provincial property developed independently of the PAC. The indicated difference, using similar assumptions regarding the revised Official Plan and road diversion, is around $10 million ($75 million vs. $65 million). While this is not a direct measure of the actual development value of the severed 2-1/2 acre site, it could be considered a reasonable surrogate for this purpose. In other words, the direct impact of merging the PAC site with the provincial holdings would appear to be some $10 million in total development value; this might then be taken as representing a reflection of the actual development "rights" associated with the municipal site.

An alternative approach would be to pro-rate the respective provincial and municipal interests in the site's development value on the basis of the magnitude of their holdings (75% for the Province, 25% for the municipality). These respective interests could then be applied against what could be termed the available "revenue pool", i.e. the total value accruing from the prospective private development components (retail, commercial

office and apartments). In this case, the "value" of the two public installations, the government office building and the PAC, would of necessity be excluded as having no actual realizable revenue producing function.

Using this kind of an approach, the total "value pool" would be estimated at around $45 million (Scheme A), and $47.5 million (Scheme B). On this basis, the 25% municipal share could be assessed at around $11 to $12 million.

A third approach would be to assess the actual development impact of treating the two development parcels completely separately. As noted, the net impact would be a reduction of some 35,000 square feet in government office space (with no "value" as such), and a reduction from 600 to 250 units in prospective residential development. This could be expected to amount to a reduction of around $7 to $8 million in total site value, which could, again, be taken as representing a measure of the actual development value of the "severed" site.

It should be stressed that these different approaches do not purport to actually measure "development rights" as such. It would presumably be possible to assess in a direct way the likely return that the municipality might expect to receive if it were to place on the market the actual development entitlements of the PAC site.

While it is probably feasible to establish a reasonable basis for this kind of calculation, it would seem that the various surrogate measures can provide a suitable measure of the likely range of values involved. From this evidence, it would appear that the likely development value of the municipal property would be in the order of $7 to $12 million, depending on the approach taken.

b. Development Mechanisms

The various ways in which the property could be developed have been reviewed, including joint venture, land lease to developers, sale/leaseback, the Province serving as sole developer, and disposal or outright sale of the land not required by the two public bodies. While each of the mechanisms holds certain advantages and presents certain risks, the conclusion is that given the excellent location of the property and the fact that the Province requires a significant proportion for its own use, it would be sensible simply to dispose of the land not required by the Province or North York.

This could be done through a proposal call for the entire remaining project, or piecemeal if it is found that this would generate more revenue. The proposals should be geared to the specific uses allocated for the various parts of the property, i.e. housing, commercial offices and retail.

With respect to its own office building, it is assumed that the Province has the financial and managerial resources to serve as its own developer. What would then be needed would be a suitable arrangement regarding the construction and operation of the retail podium and common parking facilities.

It is considered that this approach would allow the government to benefit from the true market value of the land, while avoiding the financial and political risks involved in using the other kinds of mechanisms.

F. SUMMARY AND CONCLUSIONS

1. The main purpose of this review has been to assess the earlier work carried out with respect to the development of 5000 Yonge Street, and to consider alternative ways of proceeding with development of the property, either on a consolidated basis with the municipal PAC property, or as a totally separate parcel.

2. It has been found that development would take place most effectively under the provisions of the proposed Official Plan revision, but with North York Boulevard retained in its present alignment along the northern boundary of the property. It is also evident that the present location for the Performing Arts Centre, along Beecroft, seriously constrains the ability to secure the most effective development of the property.

3. Three alternative development concepts have been examined. Scheme A, which is preferred, would relocate the PAC to the middle of the block, in favour of residential development along the entire Beecroft frontage. Scheme B would retain the PAC in its present location and would assume cooperative or joint planning of the total block, as a consolidated parcel. Scheme C would provide for independent development of the respective parcels -- the 2-1/2 acre municipal site and the 7-1/2 acre provincial site. Schemes A and B assume identical development programs, but the effect of separating out the municipal site as an independent development parcel would be to drastically reduce the total amount of housing that could be provided, while retaining roughly the same amount of retail and office development.

4. Because the municipal and provincial interests in developing their properties involve different time frames, it had been decided by the government that joint development of the two properties should not be pursued. In considering the interim findings from this exercise, the municipality concluded that it does not favour the option of moving the PAC to a central location in the block. It has also indicated that totally separate development of the PAC site is probably not satisfactory. It has asked, instead, that consideration be given to accommodating the PAC building on the Yonge Street frontage. Work is now being initiated to determine if it would be physically feasible to do this, while at the same time retaining the proposed commercial and government office buildings, with the associated retail podium, in the Yonge Street location.

5. Various approaches to determining the likely value of the development rights associated with the municipal property have been canvassed. The use of different surrogate measures indicates that this might be in the range of $7 to $12 million. The actual mechanisms for conveying the "unused" development rights on the municipal property have not been examined, but it does not appear to be suitable for the Province to repurchase, from the municipality, putative development rights accruing to land that was given to the municipality by the Province in the first instance. Presumably a mechanism could be established for selling off these rights to other parties in accordance with the provisions of the Official Plan. In the light of the municipal desire to relocate the PAC building to a new site along Yonge Street, it may not be necessary to address this particular question at this time.

6. The most effective way to develop the provincial property would be for the government to develop its own office building, at an appropriate time, and to dispose of the surplus commercial and residential parcels. This could be done either through a proposal call on the surplus property or piecemeal, depending on the market situation at the time. This approach will allow the government to benefit from the true value of the land, while avoiding the financial or political risks involved in using other kinds of development mechanisms.